

PUBLIC DISCLOSURE

March 26, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankFive

23286

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NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **BankFive (or the "Bank")** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **March 26, 2012**. The agencies evaluate performance in the assessment area as defined by the institution, rather than individual branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated **"Outstanding."**

An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Lending Test

The institution is rated **"Outstanding"** under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Deposit Ratio

The loan-to-deposit ("LTD") ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 12 quarters since the prior CRA evaluation dated January 26, 2009, was 83.0 percent. While the Bank's performance is good, it should be noted that BankFive also sells loans to the secondary market. This activity allows the Bank to originate a larger volume of loans and serve its assessment area.

Assessment Area Concentration

A majority of the Bank's home mortgage and small business loans, by number and dollar amount, were within its designated assessment area. During 2010 and 2011, 79.4 percent of the number of home mortgage loans, and 74.9 percent of the number of small business loans were made inside the assessment area. The Bank operates in a highly competitive lending environment. In 2010, 205 different financial entities originated home mortgage loans in the assessment area. BankFive ranked 8th, with a 3.1 percent market share.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The Bank's concentration of home mortgage loans in the area's low- and moderate-income geographies were above the aggregate in 2010. BankFive ranked 2nd and 4th, respectively within the area's low- and moderate-income tracts.

Borrower Characteristics

Overall, the distribution of residential and small business loans reflect excellent penetration among individuals of different income levels (including low- and moderate-income), and businesses of different sizes. In 2010, the Bank ranked 4th and 5th, respectively, in originating home mortgage loans to low- and moderate-income borrowers.

Response to Complaints

BankFive did not receive any CRA-related complaints during the period reviewed.

Community Development Test

The institution is rated “**Outstanding**” under the Community Development Test.

The institution demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development throughout the institution’s assessment area.

The Bank significantly increased its community development lending activity since the previous evaluation, and increased the number of qualified equity investments and donations. BankFive also continued its active participation in community development organizations throughout the assessment area.

SCOPE OF EXAMINATION

This evaluation assesses BankFive's CRA performance utilizing the Intermediate Small Bank ("ISB") Examination Procedures, as established by the Federal Financial Institutions Examination Council. These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's home mortgage, small business, small farm, and consumer loans, as applicable, originated since the prior CRA evaluation. The Community Development Test is an analysis of community development activities since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank is primarily a residential lender. The Bank's most recent Report of Condition and Income ("Call Report"), dated December 31, 2011, indicated that residential lending represented 53.3 percent and commercial lending represented 38.3 percent of the loan portfolio. Residential lending also represented the majority of loan volume during the review period. Based on this information, the Bank's performance in home mortgage lending carried more weight in arriving at overall conclusions.

Data reviewed included originated home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") Loan Application Registers ("LARs") for full years 2010 and 2011. The LARs contain data about home purchase and home improvement loans, including refinancings, of 1-4 family and multi-family (five or more units) properties. The institution reported 530 loans totaling \$70.5 million in 2010, and 449 loans totaling \$68.0 million in 2011. The Bank's 2010 home mortgage lending performance was compared against 2010 aggregate lending data. Aggregate data includes all financial institutions subject to HMDA that originated at least one home mortgage loan in the Bank's assessment area. The evaluation focused on the Bank's lending performance in 2010, as aggregate data for 2011 was not yet available.

Small business loans were also reviewed for the same time period. As an ISB, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect the data, but not to report it. Internal Bank records revealed that the institution originated 114 small business loans totaling \$19.4 million in 2010, and 121 small business loans totaling \$16.6 million in 2011. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, business demographic data for the assessment area was used as a means of measuring the Bank's performance.

The Bank has only a nominal level of small farm and consumer loan activity; thus, these product lines are not included in the evaluation.

Although the total dollar amounts of loans are discussed under the Lending Test, the evaluation is primarily based on the number of loans originated or purchased during the review period.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services between January 26, 2009 and March 26, 2012.

The previous CRA evaluation by the Division and the FDIC was conducted as of January 26, 2009, using ISB procedures. The evaluation resulted in an overall "Outstanding" CRA rating by the Division and the FDIC. Demographic information referenced in this evaluation was obtained from the 2000 United States ("U.S.") Census unless otherwise noted. Financial data about the Bank was obtained from the December 31, 2011 Call Report.

PERFORMANCE CONTEXT

Description of Institution

BankFive is a Massachusetts state-chartered, mutually owned thrift institution. BankFive is a wholly-owned subsidiary of BankFive Mutual Holding Company, Incorporated; a one bank mutual holding company. The Bank currently operates from its main office located at 79 North Main Street, Fall River, Massachusetts and has 12 additional branch offices. Five of the 12 branch offices are located in Fall River. There are three locations in New Bedford, and one office each in Dartmouth, Fairhaven, Somerset, and Swansea.

As of December 31, 2011, the Bank had total assets of \$720.6 million and total deposits of \$613.3 million. Total loans were \$479.9 million and represented 66.6 percent of total assets. Since the last CRA evaluation, the Bank's assets grew 5.5 percent. Asset growth was centered mainly in the loan portfolio and securities. In terms of loans, the commercial real estate category experienced the greatest dollar growth for the period. A breakdown of the Bank's loan portfolio is depicted in Table 1.

Table 1		
Loan Distribution as of December 31, 2011		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans
Construction and Land Development	11,108	2.3
Farmland	1,022	0.2
Revolving, open-end 1-4 Family Residential	24,239	5.1
1-4 Family Residential (first and second lien)	188,314	39.2
Multi-Family (5 or more) Residential	43,290	9.0
Commercial	143,350	29.9
Total Real Estate Loans	411,323	85.7
Farm Loans	21,040	4.4
Commercial and Industrial	40,487	8.4
Consumer	7,178	1.5
Other Loans	59	0.0
Unearned income	(148)	-
Total Loans	479,939	100.0
SOURCE: Reports of Income and Condition		

As depicted in Table 1, the Bank's loans are primarily concentrated in residential real estate, followed by commercial real estate. No financial or legal impediments exist that would limit or impede the Bank's ability to meet the credit needs of the delineated assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, unless otherwise permitted, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

BankFive's assessment area consists of 23 cities and towns in Massachusetts and Rhode Island, all of which are included within the Providence-New Bedford-Fall River, RI-MA Metropolitan Area (MA). In Massachusetts, the assessment area consists of the towns of Acushet, Berkley, Dartmouth, Dighton, Fairhaven, Fall River, Freetown, Lakeville, Mattapoisett, Marion, New Bedford, Rehoboth, Rochester, Seekonk, Somerset, Swansea, and Westport. In Rhode Island, the towns of Barrington, Bristol, Little Compton, Portsmouth, Tiverton, and Warren are included in the assessment area.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	106	11.3	30.2	38.7	19.8
Population by Geography	447,446	6.6	25.8	43.4	24.2
Owner-Occupied Housing by Geography	108,195	2.5	15.5	52.1	29.9
Business by Geography	26,192	9.1	19.1	45.0	26.8
Farms by Geography	854	4.8	7.3	49.4	38.5
Family Distribution by Income Level	120,349	22.6	17.6	22.3	37.5
Distribution of Low and Moderate Income Families throughout AA Geographies	48,692	10.8	37.8	38.0	13.4
Median Family Income HUD Adjusted Median Family Income for 2010 Households Below Poverty Level		52,564 78,997 12%	Median Housing Value Unemployment Rate (as of Dec 2011)		144,171 6.9
SOURCE: 2000 US Census; 2010 HUD updated Median Family Income; and 2011 Bureau of Labor Statistics					

As reflected in Table 2, the assessment area is comprised of 106 census tracts, of which 12 are low-income, 32 are moderate-income, 41 are middle-income and 21 are upper-income. The cities of Fall River and New Bedford contain all 12 of the area's low-income census tracts (2 in Fall River and 10 in New Bedford) and 30 of its 32 moderate-income census tracts (15 in each). The two remaining moderate-income census tracts are located in Warren and Bristol, Rhode Island.

The assessment area has a total population of 447,446 residing in 120,349 family households. Of all family households in the area, 22.6 percent are low-income, 17.6 percent are moderate-income, 22.3 percent are middle-income, and 37.5 percent are upper-income.

Recent statistics published by the Warren Group show that the median home sales prices in the assessment area for 2010 range from a low of \$155,000 in New Bedford to a high of \$340,250 in Barrington, RI. The average median home sales price for the assessment area is \$252,716.

The Bank faces strong competition from other financial institutions that originate loans within the assessment area. These institutions range in size from small credit unions with single office locations to the largest banks in New England including Bank of America, Sovereign Bank, and RBS Citizens Bank, NA. The 2010 Peer Mortgage Data shows that 205 lenders originated 13,390 residential mortgage loans in the Bank's assessment area. St. Anne's Credit Union ranked 1st with a 7.0 percent market share followed by Sovereign Bank at 6.8 percent and Bank of America at 6.2 percent. BankFive ranked 8th overall in their assessment area with a market share of 3.1 percent.

Numerous businesses operate throughout the assessment area, with the highest concentration being in the middle-income census tracts. According to 2010 Business Geodemographic Data, the area has 26,192 non-farm businesses in operation, 78.0 percent of which are known to have

gross annual revenues (GARs) under \$1 million. The highest proportion of these business establishments are engaged in the service industry, construction, and in retail trade. In terms of employees, approximately 70.4 percent of the area's businesses employ four or fewer people.

Community Contact

A community contact was conducted with a non-profit community development organization that provides affordable housing programs to low- and moderate-income homeowners and also initiates and supports neighborhood revitalization. The contact stated that special loan programs are being offered by the local financial institutions, but the organization would like to see more programs offered from the larger banks and lenders in the area. The contact also stated the high rate of unemployment is one of the biggest challenges in the area and the organization would like to see more government grants or incentives to aid companies to locate their businesses to the area.

Based on discussions with management, a review of the area's demographics, and the insights gained from the community contact, it was determined that the assessment area has no one primary credit need. In general, the area's residents need a variety of consumer loan products to meet personal needs and an array of home financing programs for the purchase, construction, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes. Affordable housing lending programs appear to be a particular need for the area's low- and moderate-income individuals and families and the area could also benefit from revitalization lending programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the Bank's performance pursuant to the following criteria: LTD ratio; assessment area concentration; geographic distribution of loans; lending to borrowers of different incomes and businesses of different sizes; and the Bank's record of taking action in response to CRA complaints. Overall, the Bank's performance under the Lending Test is considered "Outstanding." This rating indicates that BankFive's lending performance demonstrates excellent responsiveness to the credit needs of the assessment area

1. LOAN-TO-DEPOSIT (LTD) ANALYSIS

BankFive's LTD ratio is reasonable given the institution's size, resources, business strategy, and assessment area credit needs. The average quarterly LTD ratio for the period since the prior evaluation is 83.0 percent. This ratio was determined by averaging the quarterly net LTD ratios derived from the 13 consolidated Reports of Condition and Income filed during the period from March 31, 2008, through December 31, 2011. Since the previous evaluation, the Bank's LTD ratio has fluctuated a little, with it being lowest on September 30, 2011, (74.8 percent) and highest on March 31, 2008 (90.2 percent).

During the evaluation period, net loans have decreased 4.9 percent and deposits have increased by 11.4 percent. For comparison purposes, the Bank's average net LTD ratio was compared against the average net LTD ratios of four similarly situated institutions (similar asset size and loan portfolio composition). As shown in Table 3, the three other institutions' average quarterly net LTD ratios ranged between 70.2 percent and 93.6 percent. At 83.0 percent, the Bank's average net LTD is comparable to the similarly situated institutions.

Table 3		
Similarly Situated LTD Comparison		
Bank Name	Average Net Loans to Deposits	Total Assets as of 12/31/2011
The Community Bank	93.6	324,185
South Shore Savings Bank	88.7	958,388
BankFive	83.0	720,602
Mechanic's Co-operative Bank	70.2	386,387
SOURCE: Report of Condition and Income (Call Reports)		

Not reflected in the net LTD ratio is the volume of loans sold in the secondary market. For instance, in 2010 the Bank sold 244 loans totaling \$41.6 million and in 2011 the Bank sold 170 loans totaling \$29.3 million. Selling loans not only permits BankFive to better manage its interest rate risk, but also allows the Bank to originate a larger volume of loans.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The Bank originated a majority of home mortgage and small business loans inside its assessment area in 2010 and 2011. Table 4 portrays the Bank's record of originating home mortgage and small business loans inside and outside the assessment area during the review period.

Table 4
Distribution of Loans Inside and Outside of Combined Assessment Area

Loan Category or Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2010										
Home Purchase	92	90.1	9	8.9	101	16,996	87.7	2,285	12.3	19,281
Refinance	213	96.4	8	3.6	221	39,852	96.5	1,439	3.5	41,291
Home Improvement	103	49.5	105	50.5	208	8,440	86.2	1,355	13.8	9,795
Total	408	76.9	122	23.0	530	65,288	92.8	5,079	7.2	70,367
2011										
Home Purchase	84	85.7	14	14.3	98	15,706	83.0	3,228	17.0	18,934
Refinance	189	92.2	16	7.8	205	33,008	84.0	6,297	16.0	39,305
Home Improvement	98	67.1	48	32.9	146	9,308	86.4	1,463	13.6	10,771
Total	371	82.6	78	17.4	449	58,022	84.1	10,988	15.9	69,010
Total Home Loan	779	79.4	200	20.4	979	123,310	88.5	16,067	11.5	139,377
Small Business 2010	70	61.4	44	38.6	114	12,030	62.1	7,342	37.9	19,372
Small Business 2011	106	87.6	15	12.4	121	13,907	83.6	2,719	16.4	16,626
Total Small Business Loans	176	74.9	59	25.1	235	25,937	72.1	10,061	27.9	35,998
Grand Total	955	78.7	259	21.3	1,214	149,247	85.1	26,128	14.9	175,375

SOURCE: 2010 and 2011 HMDA LARs and 2010 and 2011 Small Business Loan Reports

Home Loans

Table 4 shows that the Bank originated 779 home loans totaling \$123.3 million in the assessment area during the evaluation period. This represents 79.4 percent of the total number of home loans originated by the Bank and 88.5 percent by dollar volume. In 2011, the overall number of home loans in the assessment area decreased slightly compared to 2010. However, the overall percentage inside the assessment area by number increased.

In both 2010 and 2011, a substantial majority of the number of home loans with the purpose of purchase and refinance were originated inside the assessment area. The number of home improvement loans within the assessment area was closer to the number that was originated outside of the assessment area. As a result, the overall percentage of HMDA reportable loans originated within the assessment area in 2010 and 2011 was impacted. When looking at the percentage by dollar amount, home improvement loans are right in line with both purchase and refinance.

Small Business Loans

Table 4 shows that the Bank originated 176 small business loans totaling slightly more than \$25.9 million in the assessment area during the evaluation period. This represents 74.9 percent of the total number of small business loans originated by the Bank and 72.1 percent by dollar volume. These percentages are slightly lower than the Bank's home loan percentages.

3. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to assess how well the Bank is addressing the credit needs throughout the assessment area by census tract income level. The Bank achieved an excellent dispersion of home and small business loans throughout its assessment area based on comparison with the area's demographic data and/or aggregate lending data. Refer to Table 5 and Table 6, respectively, for the distribution of home and small business loans among the census tract income categories.

Home Loans

Summarized in Table 5 is the distribution of home loans by census tract income level. Demographic and aggregate lender data is included for comparison purposes.

Table 5 Distribution of HMDA Loans by Census Tract Income									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Home Purchase	92	9.8	42.4	35.9	11.9	2.1	16.9	52.4	28.6
Refinance	213	2.8	13.6	57.3	26.3	1.0	8.7	51.0	39.3
Home Improvement	103	4.9	25.2	53.4	16.5	2.0	11.4	53.9	32.6
Total	408	4.9	23.0	51.5	20.6	1.4	10.8	51.5	36.3
Owner-Occupied Housing Units	108,195	2.5	15.5	52.1	29.9	NA			

Source: HMDA LAR and HMDA aggregate data for 2010 and the 2000 U.S. Census Data

As seen in Table 5, of the 408 loans originated in 2010, 4.9 percent of the total home loans were to borrowers in low-income census tracts. This percentage exceeds the aggregate performance at 1.4 percent. The Bank's lending in moderate-income census tracts is significantly above the aggregate lenders' performance for 2010, with the Bank lending 23.0 percent of its home loans and the aggregate making 10.8 percent in the moderate-income census tracts. The Bank's low- and moderate-income lending also exceeded the percentage of owner occupied units in low- and moderate-income geographies.

The Bank's lending in moderate-income census tracts by loan category is a definite strength. In 2010, the Bank's lending in these tracts is over 40 percent for home purchases. The Bank's strong branch network presence in low- and moderate-income census tracts has helped solidify its presence in the community and shows a strong desire to serve these areas.

Analysis of market rank data revealed that in 2010, BankFive ranked 2nd and 4th, respectively, within the area's low- and moderate-income census tracts. Given the highly competitive nature of the assessment area, this performance is considered good.

In 2011, the Bank continued its strong performance in lending in low- and moderate-income census tracts, with 2.4 percent of total loans in the low-income tracts and 25.3 percent of its total loans in moderate-income tracts. The Bank continued to perform well within its home purchase portfolio.

Small Business Loans

Summarized in Table 6 is the distribution of the small business loans by census tract income level. Demographic information is included for comparison purposes.

Table 6 Distribution of Small Business Loans by Census Tract Income									
Loan Category	# of Bank Loans	Percent of Bank Loans				% of Businesses			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Small Business	70	12.9	35.7	34.3	17.1	9.1	19.1	45.0	26.8

Source: CRA Small Business Data (2010) and 2010 Business Geodemographic Data

As noted in Table 6, of the 70 loans originated to small businesses by the Bank in 2010, 12.9 percent were originated in low-income census tracts. This percentage is above the distribution of businesses in low-income census tracts at 9.1 percent. The Bank originated 35.7 percent of its loans in moderate-income census tracts, which is also significantly above the percentage of businesses in moderate-income census tracts at 19.1 percent. The Bank's branch presence in the low- and moderate-income census tracts helped it achieve a strong penetration of loans in these areas.

In 2011, the Bank originated a total of 106 loans, which is an increase from its 2010 lending performance. Additionally, the Bank's 2011 small business lending was comparable with its 2010 lending performance, during which nearly 50 percent of the Bank's lending was in low- and moderate-income census tracts.

4. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS AND BUSINESSES OF DIFFERENT SIZES

The distribution of loans by borrower income levels and businesses' GARs was reviewed to determine the extent to which the Bank is addressing the credit needs of the areas' residents and small businesses. Overall, the Bank achieved an excellent penetration of loans among borrowers of different income levels and businesses of different revenues based a comparison with the area's demographic data and/or aggregate lending data. The strength of this performance criterion is the lending to borrowers of different income levels. The Bank's small business lending was deemed to be reasonable.

Home Loans

Table 7 contains the distribution of home loans by borrower income level. Demographic and aggregate data is included for comparison purposes.

Table 7									
Distribution of HMDA Loans by Borrower Income (Excludes Loans with unknown incomes)									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Home Purchase	92	14.1	10.9	22.8	21.7	6.2	25.6	25.0	31.6
Refinance	213	4.2	21.6	31.0	39.9	4.3	13.7	24.0	42.7
Home Improvement	103	11.6	20.4	28.2	28.2	10.5	20.5	26.8	45.6
Total	408	8.3	18.9	28.4	32.8	5.1	16.9	24.4	39.7
Families	120,349	22.6	17.6	22.3	37.5	NA			

Source: HMDA LAR and HMDA aggregate data for 2010 and the 2010 Census Data

The Bank originated 8.3 percent of all loans to low-income borrowers in 2010. The Bank's performance in 2010 exceeded aggregate data at 5.1 percent, and showed an increase in number of loans and percentage in 2011. The Bank's percentage of loans to low-income borrowers was less than the 22.6 percent of low-income families. This is not uncommon, since qualifying for home mortgage loans is particularly difficult for low-income families given the cost of housing. Additionally, 36.1 percent of the low-income families are considered below the poverty level making home ownership extremely difficult.

The Bank originated 18.9 percent of its loans to moderate-income borrowers. The Bank's percentage in 2010 exceeded the aggregate performance of 16.9 percent. The Bank's lending to moderate-income borrowers in 2010 was also higher than the percentage of moderate-income families (17.6 percent) in the assessment area. The Bank stayed fairly consistent from 2010 to 2011.

A review of the 2010 market rank data revealed that BankFive ranked 4th and 5th, respectively, to low- and moderate-income borrowers. Again, given the highly competitive lending environment in which the Bank operates, these ranks are considered excellent.

Small Business Loans

Table 8 contains information concerning the small business lending by GAR.

Table 8		
Distribution of Small Business Loans by Revenue		
# of Bank Loans	Businesses with Revenues of \$1 million or less	
	Percent of Businesses	Percent of Bank Loans
70	78.0	67.1

Source: CRA Small Business Data (2010) and 2010 Business Geodemographic Data

As shown in Table 8, in 2010, the Bank originated 70 small business loans in its assessment area. Of these loans 67.1 percent were to businesses with GARs of \$1 million or less. This percentage is slightly less than the percentage of businesses known to be in that revenue category. However, it should be noted that the business revenues for approximately 17.2 percent of the area's establishments are unknown.

In comparison with 2010 small business lending data, the Bank's 2011 small business lending performance increased. During 2011, the Bank originated 71.1 percent to businesses with GARs of \$1 million or less.

5. RESPONSE TO CRA COMPLAINTS

The Bank has not received any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the Bank's community development loans, investments, and services. Unless otherwise noted, the evaluation encompasses all applicable activities between January 26, 2009 and March 26, 2012. The Bank's Community Development Test performance is "Outstanding."

The Bank demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. This conclusion considers the institution's capacity as well as the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. Furthermore, the loan must benefit the Bank's assessment area or a broader statewide area that also includes the assessment area. Loans required to be reported as home mortgage loans or small business loans cannot also be reported as community development loans unless the loan is for a multi-family dwelling (five or more units), meets a community development definition, and benefits the Bank's assessment area or a broader State-wide area that includes the assessment area.

BankFive originated 53 community development loans totaling \$17.8 million in its assessment area during this evaluation period. Community development loans as a percent of net loans is 3.7 percent. This level of lending represents a significant increase from the previous CRA evaluation, when the Bank originated 21 community development loans totaling \$7.8 million.

A summary of the Bank's community development lending by community development category is provided below.

Affordable Housing

BankFive provided \$11.7 million in community development financing for affordable housing initiatives. The following is detailed information about the loans.

Multi-family Loans – The Bank originated 51 multi-family loans to for-profit real estate developers totaling \$11.7 million. Each of the loans was secured by a property located in a low- or moderate-income census tract and featured rents affordable to low- and moderate-income individuals or families. The Bank generally originated the same dollar amount of multi-family loans during each year of the evaluation period. Specifically, the Bank extended 15 loans totaling \$3.5 million in 2009, 18 loans totaling \$4.7 million in 2010, and 18 loans totaling \$3.5 million in 2011.

Economic Development

BankFive provided a \$5 million commercial mortgage in December 2010, to a for-profit real estate developer to rehabilitate a vacant mill in Fall River. The mill is located in a low-income census tract. The mill is being converted into a multi-use facility with space for offices, retail, restaurants, and residencies. It is expected that the project will provide the area with permanent jobs.

The Bank also provided a \$1.125 million loan in September 2011 to a for-profit real estate developer to renovate a vacant building in Fall River. Again, the building is located in a low-income tract. This building will be used as a distribution center and hold office space. It is expected that the project will provide the area with permanent jobs.

Community Development Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. This portion of the Community Development Test evaluates overall investment and grant activity and the responsiveness to credit and community development needs of the area considering the level of opportunity that exists throughout the assessment area.

Qualified Equity Investments

The Bank purchased Small Business Administration (SBA) securities, where the underlying loans were made to small business investment companies that benefited the assessment area. During the examination period, the Bank purchased eight securities with a book value of \$9.8 million. This is a significant increase since the previous evaluation, where the Bank did not have any new equity investments, and the existing portfolio only totaled approximately \$262,000.

Qualified Charitable Donation

BankFive provides support to a variety of organizations through community development grants and donations. In total, BankFive contributed \$422,871 during this evaluation period. Of the total dollars donated over this time frame, \$195,325, or 46.2 percent, was provided in qualified donations to organizations that provide education and training, affordable housing, youth programs, and health and human services to lower income residents. It should be noted that the current level of grants and donations exceeded the level achieved at the previous evaluation.

Table 9 details the Bank's community development donations by community development purpose category.

Table 9								
Community Development Grants								
Qualified Purpose	2009		2010		2011		2012 Q1	
Community Development Category	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	100	0	0	1	250	0	0
Community Services	22	54,600	23	49,475	25	64,450	8	17,000
Promote Economic Development	1	5,000	1	250	1	200	1	4,000
Total	24	59,700	24	49,725	27	64,900	9	21,000

Source: Internal Bank Records

This level of grant activity represented approximately 0.9 percent and 1.3 percent of the Bank's pre-tax net operating income in 2010 and 2011, respectively. The following list details some of the organizations that benefited from the Bank's contributions.

Boys and Girls Club of Fall River – This organization is located in a low-income area of Fall River. The organization offers services that strive to promote and enhance the development of children by instilling a sense of competence, usefulness, belonging and power. It works to enable all young people, especially those in need, to realize their full potential. The majority of the children served are low- or moderate-income.

Junior Achievement – This organization is dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs.

Citizens for Citizens – This anti-poverty, social services agency assists over 42,000 households each year by providing short-term services that support families during financial crisis. Programs include: fuel assistance, food pantry, and rental assistance programs. The organization also seeks to empower low-income individuals and families to overcome the burdens of poverty. The vast majority of the clientele is low- or moderate-income.

YMCA Southcoast – This non-profit organization primarily serves Fall River and New Bedford. Both areas consist of low- and moderate-income census tracts. The organization is committed to strengthening the communities through youth development, healthy living and social responsibility. The majority of the members are low- or moderate-income.

Consumer Credit Counseling Service (CCCS) – This non-profit organization provides financial education and counseling to families and individuals, particularly those experiencing financial hardship. The majority of the people served by CCCS are low- or moderate-income. CCCS offers seminars on budgeting, money management, and credit histories.

Community Development Recreation - This non-profit recreation, prevention-based program works to provide a safe and nurturing environment and variety of affordable after-school programming to low-income and multi-cultural youth of the Greater Fall River area.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. The Bank's community development services are described below.

Involvement in Community Organizations

Fall River/New Bedford Housing Partnership – This organization is a collaboration of community lenders and non-profit organizations serving Fall River and New Bedford. Both communities have low- and moderate-income tracts. The group educates low- and moderate-income home buyers about avoiding financial trouble by staying away from risky adjustable-rate, payment option, no-income verification mortgage loans, and "exotic" mortgage products. The Bank's CRA officer and a vice president serve on the Board of Directors.

New Bedford Economic Development Council (NBEDC) – This organization works collaboratively with local organizations and city, State, and Federal agencies to promote a business-friendly environment. NBEDC actively seeks new business investments by marketing New Bedford as a top location for small business growth and expansion. In addition, NBEDC assists local small businesses with their expansion plans and other business concerns. A vice president serves as a loan committee member.

Fall River Office of Economic Development - This non-profit organization works in partnership with the City of Fall River to foster economic development. Fall River contains low- and moderate-income census tracts. The organization's objectives are job creation, job retention, and the expansion of the City's tax base. The organization helps businesses (many of which are small) evaluate the many advantages of locating in Fall River, offering aggressive incentive programs, including low-interest financing, tax exemptions, employee recruitment and training services, and site selection assistance. It also provides consultation and technical support in areas ranging from permitting to international trade assistance. A senior vice president serves as President of the Board of Directors for this organization.

South Eastern Economic Development Corporation (SEED) - This organization is an economic and community development agency established for the purpose of stimulating the economy in the area in which it serves. SEED is very active in both New Bedford and Fall River. A senior vice president serves on the Board of Directors and a vice president is a member of the Micro Loan Committee.

United Way of Greater Fall River – This non-profit organization raises charitable contributions to invest in programs and services that deliver measurable results in changing lives and building stronger communities in the greater Fall River area. As mentioned previously, this area has low- and moderate-income tracts. A vice president serves on the Board of Directors and is the chair of the Finance Committee.

SER - Jobs for Progress - This private, non-profit organization strives to address the needs of economically challenged individuals in education, job skills training, literacy and employment. SER's ultimate goal is to place its program participants into permanent, unsubsidized, and productive employment. The majority of the program participants are low- or moderate-income. A vice president of serves on the Board of Directors and is the organization's treasurer.

Our Sister School - This tuition-free independent school for girls seeks to foster the intellectual, moral, social and physical development of its students, and to nurture in a small-school setting the full potential of their characters. All families qualify as low-income as defined by the annual Massachusetts fuel assistance guidelines at the time of their application. A vice president serves on the Financing Committee.

Educational Seminars and Services

- The Bank routinely provides financial literacy training using the FDIC's Money Smart Program to various groups and organizations. The Money Smart Program is a comprehensive financial education curriculum designed to help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships.
- The Bank participated in two first time home buyer seminars sponsored by Fall River Affordable Housing and one seminar sponsored by the City of New Bedford Housing and Community Development.
- The Bank sponsored a seminar on business financing programs at the SouthCoast Business expo.
- The Bank sponsors the Small Business Development Center, which works with new and existing small businesses on a consulting basis at no cost to the client.
- The Bank partnered with a local branding company to host a seminar for their small business customers. The seminar was designed to help small business owners learn of the importance of a unified branding message.

Other Community Development-Related Services

- In 2010, the Bank established a Charitable Foundation in conjunction with the Community Foundation of Southeastern Massachusetts. At the end of the evaluation period, the Bank had set aside \$400,000 into the Foundation, and will not disburse any funds through this Foundation until it reaches its goal of \$1 million.
- The Affordable Smart Dollar Loan Program is a small dollar loan program that is designed to help the Bank provide smart, community-oriented service to consumers who might otherwise turn to check cashing services and payday loans. Based on an FDIC pilot program the Bank participated in during the last examination period, this loan program features a maximum loan amount of \$1,000, a maximum term of 36 months, and an annual percentage

rate at the Wall Street Journal Prime Rate with a floor of 5 percent. This program also mandates a \$10 savings component which is added to the loan payment. This amount is directly deposited into a savings account. During the evaluation period the Bank originated 67 loans totaling \$64,733 through this program.

- The Bank participates in the Basic Banking in Massachusetts program. This State-wide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.
- During the evaluation period, the Bank originated 75 first time homebuyer loans totaling \$12.7 million and completed 30 loan modifications. It should be noted that many of these loans were previously considered in the Lending Test; however, the effort put forth by the Bank is worth mention in this section.
- BankFive administers an Interest of Lawyers' Trust Accounts (IOLTA) program. Interest earned on the applicable accounts is turned over to the Massachusetts IOLTA Program. Proceeds are used to provide low-income individuals with a variety of services, including education and legal services. During the review period, BankFive paid approximately \$77,634 in interest from these accounts to the IOLTA Committee.
- BankFive is a member of SUM[®], an alliance between many community banks that have agreed not to assess ATM surcharge fees to any of the other member bank's customers. This service is of particular benefit to low- and moderate-income consumers.
- BankFive participated in home shows during the evaluation period to promote its innovative and flexible mortgage programs and products.

Retail Banking Services

BankFive operates 13 full-service banking offices in Massachusetts. The offices are located in Dartmouth, Fairhaven, Fall River (6 offices, including the main office), New Bedford (3 offices), Somerset, and Swansea. BankFive opened no new branches since the prior CRA evaluation. The Bank moved two branches since the last evaluation. One of the branches moved within Fall River while the other moved within Somerset. The Fall River branch moved from a middle-income census tract to another middle-income census tract. The Somerset branched moved from an upper income census tract to a middle income census tract.

Refer to Table 10 for information concerning the geographic distribution of branches and ATMs by census tract income level in comparison with the percentage of the population residing in the tracts and the percent of tracts in the assessment area.

Table 10						
Distribution of Branches and ATMs						
Census Tract Income	Percent of Tracts	Percent of Population	Branches		ATMs	
			#	%	#	%
Low	11.3	6.5	3	23.1	3	23.1
Moderate	30.2	25.8	4	30.8	4	30.8
Middle	38.7	43.4	6	46.1	6	46.1
Upper	19.8	24.3	0	0.0	0	0.0
Total	100.0	100.0	13	100.0	13	100.0

As illustrated in Table 10, the greatest single percentage of the Bank's full service offices are located in middle-income census tracts; however, 53.9 percent of the Bank's offices are located in low- and moderate-income census tracts. The geographic distribution of ATMs is identical to that of the branch offices, since all locations maintain an ATM and the Bank does not operate any remote ATMs. Eleven of the Bank's branches are open on Saturday, with 3 of these also offering Sunday hours. Additionally, all branches, but the Corporate Office, offer drive-up service with similar hours to the lobby. The operation of banking offices in low- and moderate-income census tracts helps to make banking services more accessible for residents of these tracts and serves as an important service to low- and moderate-income residents living within and just outside these areas.

APPENDIX A

DIVISION OF BANKS Fair Lending Policies and Practices

The Bank's compliance with fair lending laws and regulations was examined. No indication of discriminatory or other illegal credit practices inconsistent with helping to meet community and assessment area credit needs were identified during the evaluation.

The Bank did not receive any fair lending-related complaints. The Bank maintains adequate procedures for handling such complaints as needed. Overall, the institution's fair lending policies, procedures, training programs, and internal assessment efforts were deemed satisfactory.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. For 2010 and 2011, the Bank received 1,139 HMDA reportable loan applications from within its assessment area. Of these applications, 22 or 1.9 percent were received from minority applicants, of which 12 or 54.5 percent resulted in originations. For the same time period, the Bank also received 7 applications from ethnic groups of Hispanic origin within its assessment area of which 4 or 57.1 percent were originated.

Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area

MINORITY APPLICATION FLOW								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	46	0.2	2	0.4	2	0.1
Asian	0	0.0	202	0.8	3	0.5	3	0.3
Black/ African American	8	1.3	233	1.0	8	1.5	16	1.4
Hawaiian/Pac Isl.	0	0.0	12	0.1	0	0.0	0	0.0
2 or more Minority	0	0.0	2	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	1	0.2	170	0.7	0	0.0	1	0.1
Total Minority	9	1.5	665	2.8	13	2.4	22	1.9
White	523	88.0	19,835	82.7	492	90.3	1,015	89.1
Race Not Available	62	10.5	3,470	14.5	40	7.3	102	9.0
Total	594	100.0	23,970	100.0	545	100.0	1,139	100.0
ETHNICITY								
Hispanic or Latino	2	0.3	344	1.4	5	0.9	7	0.6
Not Hispanic or Latino	526	88.5	19,979	83.4	493	90.5	1,019	89.5
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.3	178	0.7	6	1.1	8	0.7
Ethnicity Not Available	64	10.8	3,469	14.5	41	7.5	105	9.2
Total	594	100.0	23,970	100.0	545	100.0	1,139	100.0

Source: 2010 and 2011 HMDA/ LAR, 2010 HMDA Aggregate Data

The Bank's minority application flow for this period was compared with the racial and ethnic composition of the assessment area, and the 2010 aggregate data for all other HMDA reporters within the assessment area. According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 447,446 individuals of which 9.9 percent are minorities. The assessment areas minority and ethnic population is 1.6 percent Black/African American; 1.0 percent Asian; 0.2 percent American Indian; 0.0 percent Hawaiian/Pacific Islander; 3.4 percent Hispanic or Latino and 3.7 percent other.

The Bank's performance was below the 2010 aggregate's performance level for both racial and ethnic minority applicants. In 2010, the Bank received 1.5 percent applications from racial minorities while the aggregate was slightly higher at 2.8 percent, and the Bank received 0.3 percent from ethnic minorities while the aggregate received 1.4 percent.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 79 North Main Street, Fall River, MA 02720."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.